

Richard Lochhead MSP  
Minister for Just Transition, Employment and Fair Work  
Scottish Government  
St Andrew's House  
Regent Road  
Edinburgh, EH1 3DG

14th February 2023

Dear Richard,

Thank you very much for attending the REC Scotland forum in Edinburgh earlier in the month. I thought it was a lively and engaging discussion, supported by your openness and focus. As you outlined, Scotland has huge potential to be a world-leading economy, but this requires co-ordinated investment in our people.

There are some areas where this will require pressure to be brought to bear on Westminster, including investing in labour market activation schemes which engage those furthest from the market and getting our immigration system working for growth. This matters hugely and is something the REC highlighted in our [Manifesto for Growth](#).

But there are also many areas where Scottish Government and Scottish businesses can make an immediate difference. As you requested, we have set out our five key questions for officials below. I look forward to follow-up discussions around them.

#### **How to improve careers advice and skills pathways**

Good careers advice is critical, but too often the fragmented nature of delivery and funding leaves many young people confused about their options and pushes them away from reaching their potential. That's why it is so encouraging that the 10 recommendations in SDS's 'careers by design' report have been accepted by government. REC members are keen to help, particularly in delivering recommendations one, three and four. As labour market experts, recruiters understand market trends, can share insights and guidance about skills gaps and future opportunities. They also know their sectors and can bring those jobs to life for young people.

In addition, if a combination of business leaders and politicians have knowledge about what the economy is likely to need by way of skills in five to 10 years, surely, this information needs to feed through to the education sector. It's not about telling schools, colleges, or universities what or how to teach, but working with them to help ensure they are offering access to education, training, and courses required to meet local employer needs. This approach is critical for growth.

*Question: to what extent do economy-facing parts of government liaise with the education sector, and will they commit to sharing future labour market analysis with the sector, to better equip the future workforce?*

#### **Workforce planning**

Last year, we published our report, [Overcoming Shortages: How to build a sustainable labour market](#), which found that if governments and businesses don't take action to address shortages, the UK economy could lose up to £39bn every year from 2024. This economic modelling, combined with feedback from businesses, resulted in our main recommendation being the creation of a long-term future workforce strategy. The strategy should be cross-departmental and include representation from business and industry. This joined up approach will ensure policies reflect the reality of the labour market, can be easily adopted, and implemented by

employers, and bring together multiple departments with responsibility for work, skills, and education. By creating this joined up strategy, Scotland could lead the way on workforce planning issues, encouraging other devolved nations and the UK government to follow suit.

*Question: will Scottish Government and SDS commit to creating a future workforce strategy, ensuring there is representation from relevant government departments, businesses and industry, and education providers? The REC would be keen to play a role in this.*

### **How to improve the Flexible Workforce Development Fund**

We know that our people really are our greatest asset, so investing in their training is vital. Skills need to be seen as an investment, not a cost. The Flexible Workforce Development Fund (FWDF) was a great innovation, and it helps with this challenge. Unlike its equivalents in other parts of the UK, it is particularly good that funds are not limited to one type of training. But FWDF can still be improved. Our members often find the volume of paperwork and issues around pay and reclaim difficult to navigate, meaning some are reluctant to engage with the Fund. To ensure the Fund works for everyone in the labour market, SDS should work with recruiters to ensure the design and delivery is practical.

*Question: Will SDS review the delivery of the Flexible Workforce Development Fund, working with users, to ensure take-up is not lessened because of administrative issues?*

### **Why we need to align existing standards in the energy sector**

The transition to Net Zero will have a significant impact on the labour market, particularly for those working in the offshore energy sector. As a result of net zero targets, we're likely to see a substantial transition of the current oil and gas workforce to renewable sectors over time. As we identified in our discussion, keeping highly skilled people in Scotland is essential as we transition, as is admitting that transition is more challenging for some sectors than others. To enable people to move between sectors, better alignment of the technical and safety standards is needed. Currently, transitional opportunities between the offshore energy sectors are fragmented. This results in workers regularly having to repeat training when transitioning between sectors, incurring substantial financial costs - often at personal expense - creating duplication and taking people out of the workforce while training is completed. In addition, as new roles emerge, new skills will be needed.

*Question: Working with industry, will government commit to mapping existing standards to identify areas of overlap and potential alignment, removing barriers for those transitioning within sectors?*

### **How to prepare for the Net Zero transition**

Skills and labour shortages are something we've been grappling with for several years, but if we don't implement a long term workforce strategy and identify the skills and roles needed for the future, we are going to lose our people to competitor countries and fall behind. As well as building on the above, we need to ensure that the next generation understand what training and/or qualifications are needed for green jobs.

A recent study by [WSP and SavantaComRes](#) showed that less than two-in-five students surveyed (39%) were confident in their understanding of the term "green jobs" when asked. 75% of students agreed that they would like or would have liked to learn more about climate, sustainability, and environmental related topics at school. Additionally, only 22% felt informed about the range of green jobs available to them. Improving careers advice and building on the work of the Climate Emergency Skills Action Plan will be part of this. Recruiters will also play a vital role in our Net Zero transition, in helping the existing workforce move between sectors and in bringing young people into key roles that support decarbonisation. Part of the challenge is getting young people

excited about working in key sectors like transport, utilities, and construction. The lack of a universal definition of a 'green' job also makes navigating the sector challenging - recruiters can help younger people and those wanting to move into the sector to understand the full range of opportunities available.

*Question: Will government establish a pilot scheme, working with a selection of Local Authorities, businesses, and local recruiters to share market insights, promote green job opportunities, and share information about the skills required for certain roles?*

I hope this builds on our conversation from last week and frames some of the thinking and core questions we've got on how our industry can work with the Scottish government and SDS to futureproof our skills system. As we discussed, a follow-up round-table would be helpful. Please let Ellie ([ellie.goddard@rec.uk.com](mailto:ellie.goddard@rec.uk.com)) in my office know about timings and we will gather a group of members.

Thank you again for your time earlier this month.

Yours Aye,



**Neil Carberry**  
Chief Executive